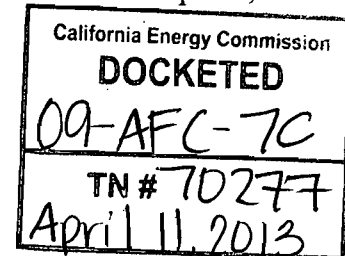


South Coast Air Quality Management District

21865 Copley Drive, Diamond Bar, CA 91765-4178
(909) 396-2000 • www.aqmd.gov

April 5, 2013



Mr. Roger Johnson
California Energy Commission
1516 9th Street MS-2000
Sacramento, CA 95814-5512

Subject: Palen Solar Electric Generating System (09-AFC-7C) to be located 10 miles east of Desert Center, Eastern Riverside County, CA

Dear Mr. Johnson:

On August 24, 2009, Palen Solar I, LLC filed an Application for Certification (09-AFC-7) to construct and operate the Palen Solar Power Plant (PSPP) with the California Energy Commission (CEC) and on March 9, 2010 filed permit applications with the South Coast Air Quality Management District (SCAQMD) to construct and operate this nominal 500 MW power generating facility based on the use of solar parabolic trough technology and associated heat transfer fluid (HTF). On December 1, 2010, SCAQMD completed review of the project and submitted our Final Determination of Compliance (FDOC) to the CEC. Subsequently, CEC approved the AFC for PSPP project on December 15, 2010. SCAQMD notified Palen Solar I, LLC several times during 2011 and 2012 of the need for submittal of Volatile Organic Compounds (VOC) offsets as required under SCAQMD's New Source Review (NSR) Rules, in the form of Emission Reduction Credits (ERCs) that were required to finalize the permits to construct. On June 25, 2012, a change of ownership occurred from Palen Solar I, LLC to Palen SEGS I, LLC a wholly owned indirect subsidiary of BrightSource Energy, Inc. In January 2013, the SCAQMD cancelled all applications for Palen Solar I, LLC due to both the change of ownership and non submittal of appropriate VOC offsets.

On December 17, 2012, a new owner, Palen Solar Holdings, LLC (PSH) filed with the CEC a petition to amend the previously approved license covered under 09-AFC-7. The petition to amend proposes to modify the plant design by switching from solar trough technology to solar power tower technology. The plant's generation capacity will remain unchanged at 500 MW nominal. According to the petition, PSH is a joint venture between BrightSource Energy, Inc and Caithness Energy, LLC. PSH has also requested that the project name be changed from PSPP to Palen Solar Electric Generating System (PSEGS).

The SCAQMD has reviewed the December 12, 2012 petition to amend and determined that based on the information in the petition, PSH proposes to construct and operate equipment which requires permits from SCAQMD prior to the start of construction. Based on this SCAQMD notified PSH that new applications for permits to construct need to be filed with SCAQMD.

Cleaning the Air that we Breathe

The SCAQMD has just received new applications from PSH on April 4, 2013 for permits to construct the following equipment.

1. Two (2) 249 MMBTU/hr auxiliary boilers, natural gas fired, water tube type
2. Two (2) 10 MMBTU/hr night preservation boilers, natural gas fired, water tube type
3. Two emergency fire pump engines, each 204 bhp, diesel fueled
4. Two emergency electrical generators, each 3,633 bhp, diesel fueled
5. One (1) emergency fire pump engine, 129 bhp, diesel fueled
6. One (1) emergency electrical generator, 398 bhp, diesel fueled

SCAQMD has initiated the review of these applications and will notify PSH and CEC on whether the applications are complete or additional information is required for SCAQMD to fully evaluate and determine the compliance with all applicable air quality rules and regulations, as part of our determination of compliance evaluation.

If you have any questions regarding this letter, please call Mr. John Yee 909-396-2531 or Mr. Andrew Lee at 909-396-2643.

Very truly yours,



Mohsen Nazemi, P.E.
Deputy Executive Officer
Engineering and Compliance

cc: Mr. Scott Galati, GalatiBlek, LLP
Mr. Krista Kirsch, BrightSource Energy, Inc.
Mr. Darrel Grant, Caithness Energy, LLC
Ms. Christine Stora, CEC

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